

REVISED FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: January 30, 1996

SUBJECT: **(REVISED) SB 1559 - HB 1296**

On February 22, 1995, we issued a fiscal note on this bill which indicated that:

The fiscal impact from enactment of this bill is estimated to be an increase in first year state expenditures of approximately \$1,482,000. The estimated total tax payments for tax relief under the provisions of this bill will be \$10,867,000, while projected expenditures under current law are estimated to be \$9,385,000.

This estimate was based upon information furnished to us by the Comptroller of the Treasury.

The fiscal impact from enactment of this bill, based upon additional information furnished by the Comptroller, is estimated to be an increase in first year state expenditures of \$2,503,300. This amount includes \$2,449,000 in tax relief payments and \$54,300 in administrative costs.

The Comptroller indicates that the most recent demographic projections require this increased cost estimate.

The above estimate is based on the following assumptions:

1. Tennessee population figures projected through 1996.
2. Elderly persons (65 years of age or older) by 7/1/96 projected to be 13.2% of the population.

3. The percentage of elderly persons that were householders in owner-occupied housing units was 51.5% in 1990.
4. Forty percent of elderly householders had household incomes less than \$10,000 in 1990. The percentage of householders with household incomes between \$10,000 and \$15,000 was 15.6%.
5. Annual percentage increases in social security benefits from 1990-1996 are as follows: 1990, 4.7%; 1991, 5.4%; 1992, 3.7%; 1993, 3.0%; 1994, 2.6%; 1995, 2.8%; 1996, 2.6%.
6. Disabled veterans and their surviving spouses will increase about 15% from 1995 to 1996.
7. The average tax relief payment will increase by 2%.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director